

OXFORD

INTERNATIONAL
AQA EXAMINATIONS

INTERNATIONAL AS AND A-LEVEL BUSINESS

(9625)

Teaching guidance

For teaching from September 2018 onwards

For International AS exams in June 2019 onwards

For International A-level exams in June 2020 onwards

Our specification is published on our website oxfordaqaexams.org.uk. We will let centres know in writing about any changes to the specification. We will also publish changes on our website. The definitive version of our specification will always be the one on our website; this may differ from printed versions.

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Introduction

Oxford AQA International AS and A-level Business specification has been developed to inspire, challenge and motivate all students regardless of their academic ability. It provides students with opportunities to explore theories and concepts within a framework that reflects the different business cultures and structures that operate throughout the world. The International AS and A-level often uses real businesses and provides real business contexts in the examinations to reinforce the relevance of the subject. Students will have an opportunity to develop a range of skills which will enable them not only to have a good grounding in business theory, but which will also allow them to develop their problem solving, analytical and decision making skills.

We have listened closely to feedback from teachers to design an engaging and relevant specification and an assessment structure which is accessible to all. The rigorous summative assessment, which is presented in a simple and straightforward structure, enables students to demonstrate their breadth of knowledge and understanding of the subject and their skills of analysis and evaluation.

This qualification provides a good foundation for further study of business and is ideal for students who may want to continue and explore business either at degree level or in their career.

This guide will provide the following for teachers and prospective teachers of this course:

- an overview of this specification's philosophy and approach to the study and assessment of International AS and A-level Business.
- a unit-by-unit look at what is required in learning and assessment
- suggested possible routes through the course.

Aims and learning outcomes

Our International GCE in Business should encourage students to be inspired, motivated and challenged by following a broad, coherent, practical, satisfying and worthwhile course of study. It should encourage students to develop their curiosity about the business world, enable students to engage with business in their everyday lives in order to make informed choices about further study in business and related disciplines.

The Oxford AQA International GCE in Business should encourage students to:

- know and understand business concepts, business terminology, business objectives, the integrated nature of business activity and the relationship between individuals and wider society
- apply this knowledge and understanding to make sense of the world of business in an global setting
- develop as enterprising individuals with the ability to think critically and creatively and draw on evidence to make informed business decisions and solve business problems
- develop as effective and independent students, and as analytical and reflective thinkers with enquiring minds
- investigate and analyse real business opportunities and issues and, so by doing construct well-argued, well-evidenced, balanced and structured arguments, demonstrating depth and breadth and understanding of business
- develop and apply quantitative skills relevant to business, including using and interpreting data
- develop the ability to analyse critically business behaviour and to be able to make judgements on the appropriateness of proposed courses of action.

Assessment Objectives (AOs)

There are four Assessment Objectives for the International AS and A-level Business:

AO1	Demonstrate knowledge of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues.
AO2	Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues.
AO3	Analyse issues within business, showing an understanding of the impact on individuals and organisations of external and internal influences.
AO4	Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues.

Weighting of Assessment Objectives

The table below shows the approximate weighting of each of the Assessment Objectives in the International AS and A-level Business components:

AS Business

Assessment Objectives (AOs)	Unit weightings (approx %)		Overall weighting of AOs (approx %)
	Unit 1	Unit 2	
AO1	13.75–16.25	13.75–16.25	27.5–32.5
AO2	13.75–16.25	13.75–16.25	27.5–32.5
AO3	10–12.5	10–12.5	20–25
AO4	8.75–11.25	8.75–11.25	17.5–22.5
Overall weighting of units (%)	50	50	100

A-level Business

Assessment Objectives (AOs)	Unit weightings (approx %)				Overall weighting of AOs (approx %)
	Unit 1	Unit 2	Unit 3	Unit 4	
AO1	5.5–6.5	5.5–6.5	5–7	5–7	23–27
AO2	5.5–6.5	5.5–6.5	5–7	6–8	23–27
AO3	4–5	4–5	8–10	7–9	23–27
AO4	3.5–4.5	3.5–4.5	8–10	8–10	23–27
Overall weighting of units (%)	20	20	30	30	100

Specification at a glance

Unit 1: Business and markets

What's assessed

Any content from section 3.1 Unit 1: Business and markets.

How it's assessed

Written exam: 1 hour 30 minutes

80 marks

50% of International AS

20% of International A-level

Questions

Three compulsory sections:

Section A short answer and data response questions worth approximately 17 marks.

Section B extended response questions worth approximately 27 marks.

Section C extended response questions worth approximately 36 marks.

Unit 2: Managing operations, human resources and finance

What's assessed

Any content from section 3.2 Unit 2: Managing operations, human resources and finance.

How it's assessed

Written exam: 1 hour 30 minutes

80 marks

50% of International AS

20% of International A-level

Questions

Three compulsory sections:

Section A short answer and data response questions worth approximately 17 marks.

Section B extended response questions worth approximately 27 marks.

Section C extended response questions worth approximately 36 marks.

Unit 3: Business strategy**What's assessed**

Any content from section 3.3 Business strategy and business decision making.

How it's assessed

Written exam: 1 hour 45 minutes

80 marks

30% of International A-level

Questions

Two compulsory case studies followed by 4 or 5 short answer and extended response questions worth around 40 marks each.

Unit 4: Business decision making**What's assessed**

Any content from section 3.3 Business strategy and business decision making.

How it's assessed

Written exam: 1 hour 45 minutes

80 marks

30% of International A-level

Questions

Two compulsory sections:

Section A short answer and extended response questions worth approximately 36 marks.

Section B a business report worth approximately 44 marks.

Assessment in closer detail

These AS and A-level qualifications are modular. The full International A-level is intended to be taken over two years. The specification content for the International AS is half that of an International A-level.

The International AS can be taken as a stand-alone qualification or it can count towards the International A-level. To complete the International A-level, students can take the International AS in their first year and the International A2 in their second year or they can take all the units together in the same examination series at the end of the two year course.

The International AS content will be 50% of the International A-level content. International AS assessments contribute 40% of the total marks for the full International A-level qualification. The remaining 60% comes from the International A2 assessments.

The specification content will be split across units and will include some synoptic assessment. This allows students to draw together different areas of knowledge from across the full course of study. In answering an A2 question students may draw on AS content.

All materials are available in English only.

Our International AS and A-level exams in Business include questions that allow students to demonstrate their ability to:

- draw together their knowledge, skills and understanding from across the course of study to analyse business issues
- make reasoned judgements
- make supported recommendations
- calculate and interpret numerical data
- apply their understanding to business issues.

Assessment design

We achieve a good coverage of the specification through the combination of multiple choice, short answers, data response and case studies and reports. This variety of assessment allows students to demonstrate their skills in different ways. Questions are designed to be accessible and easily understood. The language used is deliberately kept clear and precise.

Both of the AS papers have three sections:

- Section A: Multiple choice questions.
- Section B: Analysis questions. These questions require students to produce logical chains of reasoning.
- Section C: Evaluative questions. In this section students are encouraged to provide advice, make a recommendation or make judgements. Students are asked to consider an issue and decide eg whether this is a good way of solving a problem.

Paper 1 covers Business and markets.

Paper 2 covers Managing operations, human resources and finance.

The requirements of each section are clear in terms of the Assessment Objectives being assessed. This makes the questions more accessible for students. It is clear that they have to analyse in Section B and evaluate in Section C.

Furthermore all the analysis questions are 9 marks. All the evaluative questions are 12 marks. Students and teachers should therefore be familiar with the demands of these types of questions and what the levels of response in the mark grids will look like. Greater accessibility of questions should help students demonstrate their full abilities.

These papers at AS do not have any items to read which should make it possible for students to plan their answers and complete the paper to the best of their ability in the time allowed.

At A2

Paper 3 has questions linked to two items. There are usually four questions with each item. These build in complexity eg starting with an 'explain' question (requiring relevant knowledge and understanding applied to context) and ending with students being asked to make a judgement and justify it.

Paper 4: The first part of this paper requires students to answer questions by recommending what a manager should do next eg whether to raise funds from a loan or from an alternative source of finance. In Section B students are asked to write a report recommending a particular course of action. Report writing is a very valuable and relevant skill for students to develop and will require them to build logical, well-structured arguments. This paper can provide a variety of interesting decision making scenarios such as whether to set up a business, how best to grow a business or whether to go ahead with a particular strategy.

The A2 papers both total 80 marks just like the AS but have an additional 15 minutes to give students reading time for the items. This allows students sufficient time to read the items carefully and plan their responses.

A2 versus AS

A2 differs from AS in that the content material is more complex and greater weight is given to Assessment Objectives 3 and 4. AS focuses mainly on the internal functions of business. A2 focuses on strategic decision making and how the relationship between a business and its external environment.

A2 also requires students to apply their understanding to an item and to produce a report.

Mark schemes

The marking approach adopted for higher tariff questions is one based on levels of response. Each level describes the quality of a response, For example it may be an excellent response addressing all the demands of the question, a good response addressing most of the demands, a reasonable response addressing some of the demands or a limited response addressing few. Within each band there is a description of the typical level of skills that might be demonstrated for the various Assessment Objectives.

This approach to marking adopts a holistic approach. The response is assessed as a whole and considers how well the overall demands of the question have been met.

A truly international qualification

This is a truly international qualification that includes many aspects of global business relevant to today's world. For example, the specification includes global issues such as emerging economies, social trends, urbanisation and protectionism. Items and questions refer to businesses from around the world and issues that businesses face in their countries and when trading globally. In their responses students are encouraged to refer to the business environment and business behaviour in their own countries. Business is meant to be a relevant and living subject. It comes to life by applying the knowledge and understanding that students have to real business situations. We encourage you therefore to show students why this knowledge and understanding is useful by applying to different businesses in your own country and thinking about the particular challenges and opportunities businesses in this environment face whilst also recognising that the context can change over time and between countries, We also encourage you to highlight the global nature of economies and markets these days and show how studying business within your economy necessarily involves thinking about other economies and the impact of changes there.

Our approach

With the support of teachers we believe we have managed to create a specification that is exciting, relevant, fair and accessible. We have designed the specification so that the content is manageable in the time available, providing a strong underpinning of essential understanding and analysis of the subject whilst also leaving time for students and teachers to explore topics in depth and debate and discuss the issues during the course. We believe this will add to the quality and depth of analysis as well as students' enjoyment of the subject,

The specification includes a number of concepts and models to help provide useful frameworks for you when delivering the subject and to help students in their analysis and evaluation. For example, we have introduced stakeholder mapping to help students categorise the different stakeholder groups in terms of their relative power and interest. We believe this will provide greater shape for you when delivering the subject and a clear starting point for analysis when studying various topics.

Working with teachers we have developed a specification:

- That has a logical structure that first considers the internal functions of business and then in Year 2 considers more strategic issues.
- That is not too content heavy to ensure teachers and learners have time to explore the topics in some detail and be able to discuss them in some depth.
- That is global in terms of the items and stimulus material used in examination questions
- That uses real life examples where possible (this is not always possible due to copyright issues in which case the item will be fictionalised but realistic).
- That recognises global issues such as exchange rate instability and the impact of changes in the economies of other countries.
- That enables learners to draw on their knowledge of their own economy and will reward relevant insights based on this.
- That has questions that are clearly written so they are accessible to learners for whom English may be their second language.
- That has a range of assessment methods including multiple choice questions.
- That has an approach to marking that is clear and consistent (eg the same marking grid is used for 9 mark analysis questions).
- That is well supported by resources to support teachers and learners.
- That will be recognised and respected by leading employers and universities across the world.

Subject specific vocabulary

In the following section we provide explanations of some of the content on the specification that may be less familiar to you:

Key performance indicators (KPIs)

Every business will want to measure performance. It will set key indicators for the business as a whole and for departments and sections of the business and for individuals to measure how well they are doing their job. For example, managers might want to measure the speed of response to a customer enquiry, customer satisfaction, ability to meet deadlines and sales. KPIs are common in real business and therefore a valuable concept for students to know.

Typical KPIs could include

- Sales (eg total, by customer, by region).
- Acquiring new customers.
- Profits (eg by product, by region, by store).
- Production time.
- Quality.
- Customer satisfaction.
- Defect rates.
- Delivery times.
- Customer waiting time.

- Employee engagement.
- Labour turnover.

The right KPI depends on which part of the business is being considered and what the objectives are.

Risk

The likelihood of something going wrong and the impact of this on the business is a critical part of decision making. Whenever a decision is made the manager needs to consider the risk if it going wrong. Managers will consider different forms of risk depending on the decision such as the financial risk and the risk to the brand of a particular course of action.

Customers and consumers

It is important for marketing managers to be clear about who buys their products and who consumes their products. They are not always the same group. The buyers of toys (ie the customers) may be the parents; the users of the product (consumers) may be the children. Managers must develop an appropriate marketing mix for customers and consumers; for example they may want to use different channels to promote messages to the two groups.

The impact of business and business startups on an economy and society

It is important that students appreciate how important business is for the society in which they live. Businesses create jobs, generate income and economic growth and provide goods and services for all of us to consume.

Family businesses

Several economies have a high proportion of family businesses so it is worth us considering the advantages and disadvantages of this form of business. Family members can bring many strengths; however relying on family members may limit access to some skills and resources.

Small and medium sized enterprises (SMEs) and large businesses

Many economies have a thriving small and medium size business sector. Although large businesses are important to most economies in terms of their proportion of turnover and employment there are relatively few of such businesses. SMEs dominate in terms of the number of businesses in most economies. It is important therefore for students to analyse the advantages and disadvantages of these different form of businesses. Why are so many businesses small and what are the benefits of operating as a small business?

Concentration ratio

The structure of a market is important in terms of its impact on business behaviour and on the way businesses compete with each other. This in turn affects the range and quality of goods and services for customers. The n- firm concentration ratio measures the market share of the largest “n” firms.

Customer retention and repeat sales

Marketing objectives often focus on sales and market share but managers will also be interested in how many customers are being retained over time. How many come back to buy more? Could other products be sold to them?

Sales analysis

Sales will be analysed in detail – for example what is the sale of each sales person? What are the sales of different products in each region? What are the sales of each product line within the store? This form of sales analysis will influence the marketing actions that are taken.

Developments in technology (eg digital marketing and the use of social media, relationship marketing, dynamic pricing, e-commerce and m-commerce)

Technological change affects all aspects of business including marketing, how people buy, where and how they search for information, what information they can access are all changing. The business can monitor customer activity more closely and change aspects of the marketing mix accordingly. For example:

- prices can be adjusted rapidly in response to changing demand; this is known as dynamic pricing.
- customers can search and buy with their phone (m-commerce) businesses may use their understanding of how customers behave online to sell different products to them and build an on-going relationship with them.

Understanding the concept of confidence levels and intervals

Students should appreciate that market research will not give a definite answer. For example, it will provide results that state that for a given level of confidence the sales outcome will be between X and Y, eg it may forecast sales of between \$150,000 and \$200,000 with a 95% confidence level ie 95% of the time (19 times out of 20) it is likely sales will be between \$150,000 and \$200,000.

Sales forecast

Students should appreciate the importance of the sales forecast – why is it needed, how is it produced, how does it help the business, what other decisions does it inform?

Marketing in national and international markets

When marketing in an international market businesses must be aware of the challenges this can bring. Customers' tastes and buying patterns may vary significantly. The competitive environment may be very different. The cultural of the society may be different requiring different products and promotional messages as well as different distribution channels.

Price discrimination

Many businesses will change the price of their products or services in different markets. They may charge different prices at different times of day, in different countries or for different types of buyers. Price discrimination is a common and important pricing technique.

Multi-channel distribution

In today's world many organisations offer a range of distribution channels – for example, consumers may be able to buy products from store, order online, order online and collect from a store. This is known as "multi-channel" distribution.

Operations objectives

These typically focus on issues such as productivity, quality and unit costs. However there are other objectives common in operations such as:

- **speed of response** eg some business compete on fast delivery, a quick turnaround or short delivery times
- **flexibility** eg some businesses compete on providing a wide range of products or being able to adapt products to different customer needs
- **environmental objectives** eg some business may aim to reduce their impact on the environment
- **customer satisfaction** eg in increasingly competitive markets the customer experience and levels of customer satisfaction are extremely important. This involves managing the customer expectations and ensuring the delivery of the goods and services meets these.

Crowd funding

With developments in technology more businesses can raise finance online directly from investors. This is known as crowd funding.

Employee engagement

Businesses rarely talk of or measure their employees' motivation – they talk of their “engagement”. Employee engagement refers to the extent that employees feel they are aligned to the business objectives, whether they feel valued, whether they “go the extra mile”.

Retention

Managers will want to assess the effectiveness of their recruitment and selection process. This is likely to involve measuring how long people stay with the business once they have been recruited. This is measured by the proportion of employees who stay with a business for more than a given period, such as a year. If retention is lower than expected then managers are potentially wasting time and money recruiting people who don't stay. They need to consider why this is occurring.

Price earnings ratio (P/E)

The earnings measure the profits each share would receive if they were all paid out. The price is the share price. The P/E ratio therefore compares the price paid to buy a share with the profits per share; this can be used to assess whether the share price is higher or lower than expected and to see how it compares with other companies.

Window dressing

When financial accounts are produced there are various ways of interpreting financial policies that can create a particularly favourable impression of the business. For example, a business may value its brands on its accounts to boost its value, it might treat research and development as an asset not a cost.

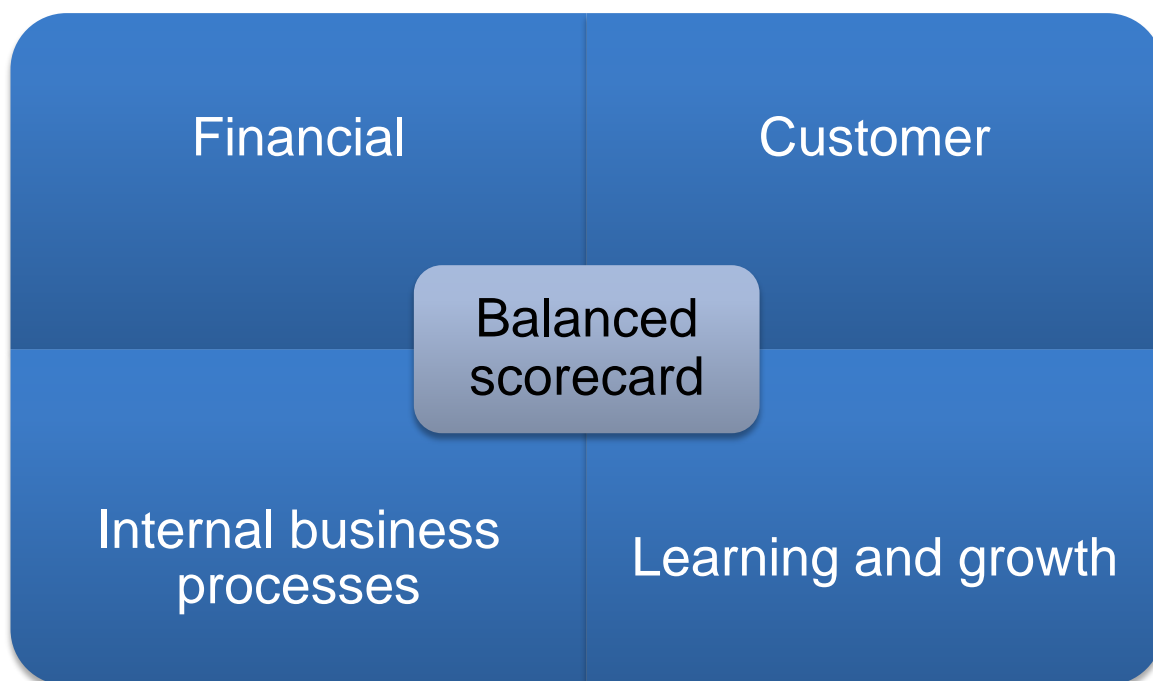
Methods of assessing business performance include triple bottom line and Kaplan and Norton's Balanced Scorecard model.

Financial analysis is one way of aspect of measuring performance but there are others. Financial analysis may include: cash flow, profits and return on investment.

For example, businesses may want to measure how well they are doing in terms of:

- Customers eg customer satisfaction, customer acquisition and retention, time taken to respond to customers.
- Learning and growth eg the skills and expertise of their employees, investment in training.
- Internal business processes eg development time for new products, number of new products in the pipeline, time taken to process an order, proportion of defects.

By measuring performance in a number of areas managers may get a better or more balanced picture of how the business is doing and what actions need to be taken. Financial analysis alone may give a poor picture of the business' position.



Imagine a business that is profitable but has a low level of customer satisfaction; this suggests action may need to be taken with customers to improve their satisfaction and protect long term profits. Or they may be a business with high profits but no new products in development this again may be a cause for concern for the long term. Insight into performance into a number of areas helps managers know how well the business is really doing.

Free trade versus protectionism

Businesses are often sourcing materials from abroad and looking for export markets. The ease and cost of doing this depends on how free trade is. Protectionist measure such as tariffs and quotas make trade more difficult.

Social changes

There are dramatic changes happening the world that global businesses should be aware of and that might influence their planning. Many millions of people are moving from the countryside to the cities in developing economies. This provides a more accessible pool of labour and of customers. There are also major flows of people across borders affecting the potential workforce for a business. Lastly there are significant changes in peoples' lifestyles – how people search for products, how they buy and what they want to buy.

The value of sensitivity analysis

Managers will often undertake an investment appraisal to decide whether to go ahead with an investment or not. Typically they might calculate the payback, average rate of return and new present value. However, all future inflows are based on certain expectations. Managers are likely to undertake different calculations based on different assumptions. What if costs were 10% higher than expected? What if sales were 5% lower than expected? By changing the assumptions manager can see how sensitive profits are to changes in different variables.

The benefits of having a competitive advantage

All businesses are seeking a competitive advantage – something that gives them an advantage over others. They may seek to be quicker at delivering, produce a more energy efficient, better looking or most cost effective product. They may to be cheaper than rivals, have a stronger brand or more technologically advanced. In some way a business will seek to be perceived as offering better value for money – it may offer more benefits on relation to the price than rivals or similar benefits at a lower price. By having a competitive advantage a business should be more attractive and more profitable than rivals.

The difficulties of maintaining a competitive advantage

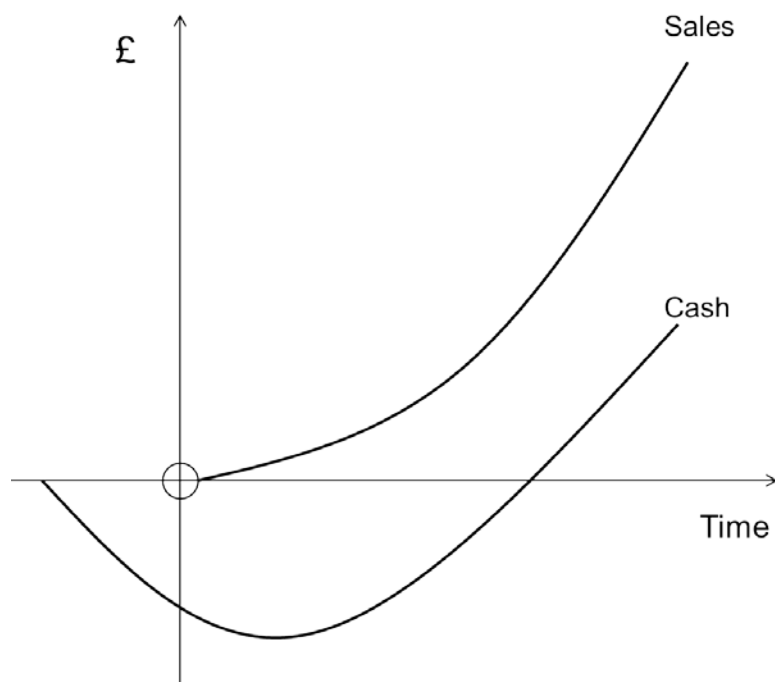
The difficulty lies in the fact that if a business is good at what it does means that others will try and imitate it. They will adopt similar processes and develop their products in similar ways. A business will need to try and protect itself from such imitation eg by protecting through patents, by holding on to its best staff and by innovating to keep one step ahead.

Growth

When analysing growth we have typically focused on economies and diseconomies of scale. However other issues include:

- **The experience curve** – Businesses that have been working in a sector for some time have advantages over those that are new to it. They have experience of where to get supplies, how best to produce items, what works and what does not work. All of this can lead to efficiencies.
- **Synergy** – Typically expressed as $2 + 2 = 5$ synergies occur when joining businesses together lead to benefits that are greater than those of the individual firms. For example, one business may be strong in one region and another may be strong elsewhere and they can now cross promote each others' products and share distribution channels.
- **Overtrading** – This occurs when a business grows too fast. Money is spent on funding the expansion – for example, buying land, buying inputs and recruiting employees. This can lead to high levels of cash outflow and cause liquidity problems if growth is too fast.

Overtrading



Disruptive innovation

Innovation involves developing new products and new processes. Disruptive innovation brings about major changes in an industry – for example, electric cars may well replace diesel cars and lead to a new set of producers; mobile phones have changed the way we shop; Uber has changed the way we get a taxi. These are major changes that change who competes and how they compete.

Intrapreneurship

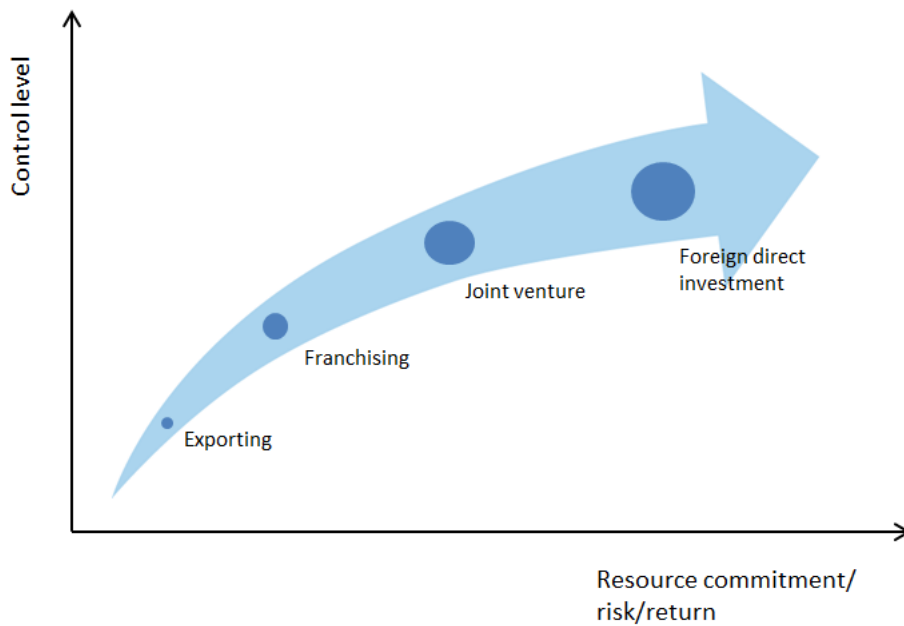
When businesses get bigger they can become bureaucratic, with committees, rules and procedures that ensure things are done in a certain way but which do not encourage creativity and innovation. Some big businesses, such as Amazon, aim to keep an entrepreneurial spirit – they want people within the business to think and act like entrepreneurs (these are called intrapreneurs). This involves developing a culture where failure is accepted (what matters is that you are willing to take risks), that funds are provided for people to try out and develop ideas.

Benchmarking

When trying to decide how well your business is doing in a particular area you might want to compare it with the best in world, see what they do and try and match it? For example, if your business wants to improve your customer service why not measure (benchmark) against Disney – a world leader in this area.

Methods of entering international markets

There are different ways of entering an international market. They vary in terms of the degree of risk involved and the level of commitment involved.



The value of strategic planning

Strategy planning involves determining a long term plan for the business. The strategy can provide a framework for decision making and managers can judge what the right decision in this context is. However simply producing a plan is not enough; managers need to implement it effectively and need to be prepared to change it when conditions change.

Why strategies fail

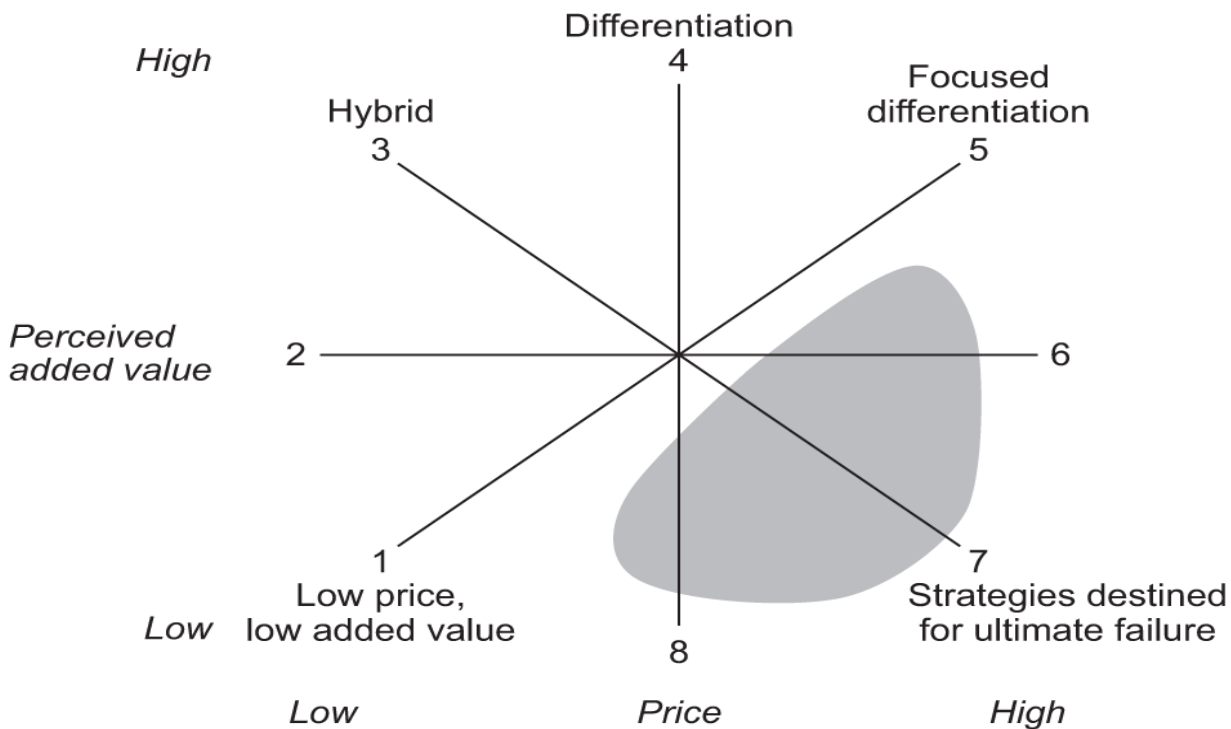
Many strategies fail. This may be because they are implemented badly. Or conditions change and so what was the right strategy at one point is no longer suitable. Or it may be that the wrong strategy was chosen in the first place.

Notes on some of the key models and theories

There are a number of key models and theories. In this section we provide you with some detailed notes on these and on how you may want to use them in your teaching.

Bowman's strategic clock

Bowman's clock outlines different strategies in terms of the perceived benefits (added value) and price. It highlights different combinations of benefits and price that are competitive and those that are not.



This model shows that:

- different strategies can be competitive: for example, a business can charge a high price if it offers a high level of benefits and be competitive. If it offers relatively low benefits it needs a low price to compete
- some combinations of benefits and price are not competitive, eg low benefits and high price is unlikely to be competitive. These are shown by the shaded area.

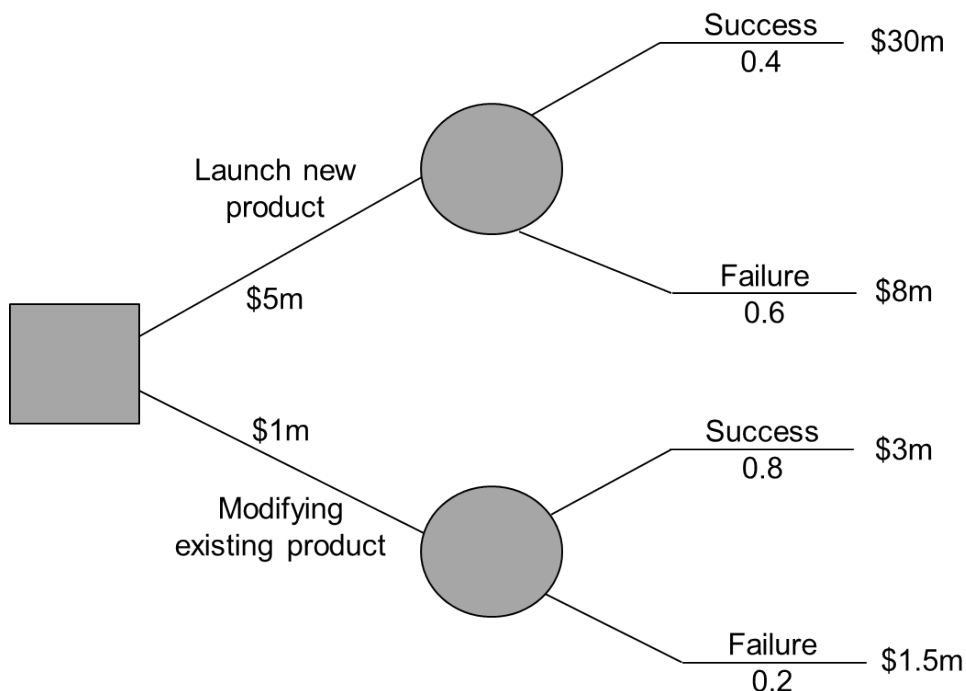
Bowman's clock can be used when teaching strategy:

- you can plot different strategies adopted by organisations and assess their competitiveness
- you can plot how businesses may be trying to change their strategy (eg some mainstream supermarkets trying to reduce prices to match the discounters)
- you can consider why some strategies are unsuccessful
- you can link with Porter's low cost and differentiation strategies
- you can consider how businesses will try to increase their competitiveness, eg by offering more benefits at the same price or the same benefits at a lower price.

Ways of preparing for change including forecasting, strategic planning, developing a flexible organisation, scenario planning, contingency planning.

Decision trees

A decision tree is a mathematical technique used to assess different options.



Key points with decision trees:

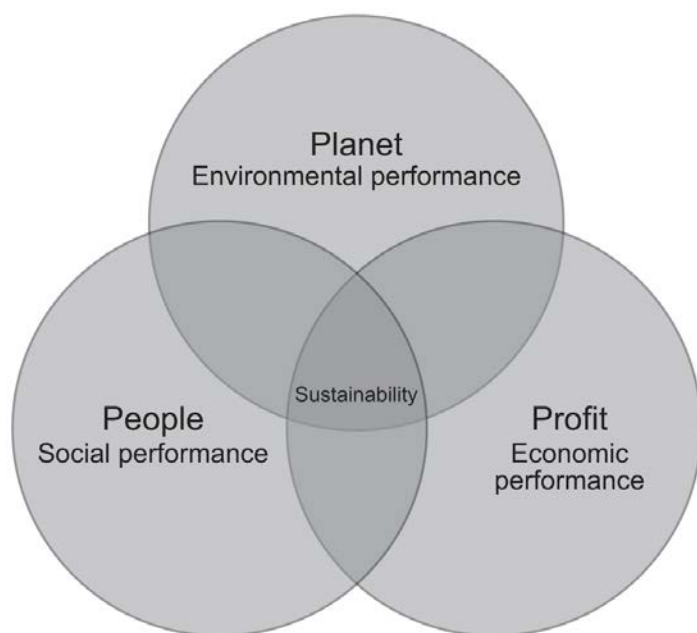
- A square represents that a decision has to be made.
- The lines coming from the square represent the possible choices.
- The circles show that there are outcomes as a result of a choice.
- The lines coming from a circle show the expected outcomes.
- The probability shows the estimated likelihood of a given outcome.
- The probability of all outcomes must add up to 1.
- Expected value (EV) shows the weighted average of a given choice; to calculate this multiply the probability of each given outcome by its expected value and add them together eg EV launch new product = $[0.4 \times 30] + [0.6 \times -8] = 12 - 4.8 = \7.2m .
- The expected value is the average outcome if this decision was made many times.
- Net gain is the expected value minus the initial cost of a given choice. Net gain of launching new product = $\$7.2\text{m} - \$5\text{m} = \$2.2\text{m}$.
- To compare this net gain with the net gain of other choices, eg net gain of modifying an existing product = $[0.8 \times 3] + [0.2 \times 1.5] = 2.7 - 1 = \1.7m .
- Decision based on choice with highest net gain which is to launch new product [$\$2.2\text{m}$ as against $\$1.7\text{m}$].

Decision trees can be used when discussing important concepts in decision making such as choices, opportunity cost, probability and risk, costs and returns, net gains, expected outcomes and forecasting. You could consider:

- the value of decision trees in getting managers to think through their options, the probability of different outcomes and the financial consequences
- the extent to which the financial consequences of an outcome can be accurately estimated and whether outcomes are best measured in financial terms
- issues in decision making such as raising the initial finance, the impact of ethics and the impact on stakeholders.

Elkington's triple bottom line

The bottom line model highlights that businesses may have different objectives, not just profit.



The triple bottom line was a phrase introduced by John Elkington in 1994. The model highlights that business performance may be measured in a number of ways: in relation to its finances, its environmental impact and how socially responsible it is in relation to employees.

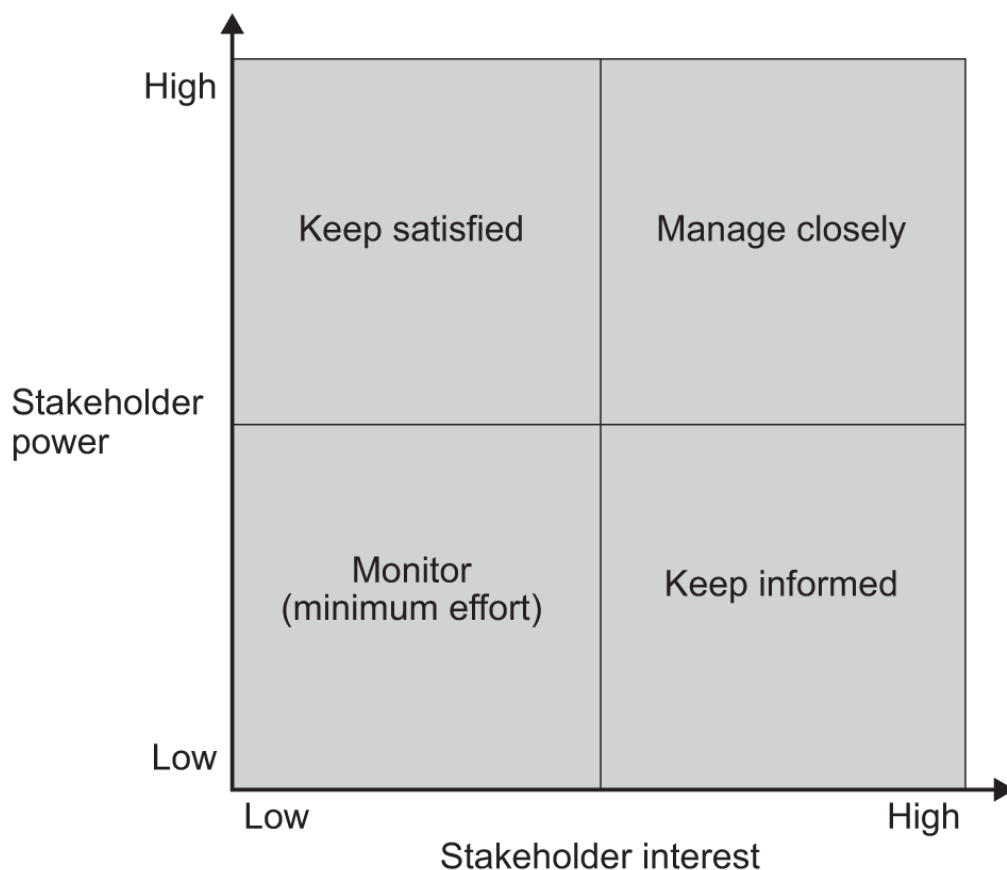
Elkington argued that only a company that was measuring performance in all three areas was measuring the full costs of its activities. The significance of this is that if you measure all these areas employees are likely to pay attention to them and change their behaviour accordingly (rather than just focusing on profit).

However, in reality it can be difficult to find or agree ways of measuring the impact of business on the planet and people.

The triple bottom line model can be used when discussing objectives, corporate social responsibility and the social environment you could consider what factors might influence the objectives a business sets and why more businesses may be setting objectives linked to the planet and people as well as profit in recent years.

Stakeholder mapping

This is a technique used to categorise stakeholders in terms of their relative power and interest.



A stakeholder map highlights that not all stakeholders are equal – they vary in terms of power and influence. This might affect the way a business communicates with different groups and how much attention is paid to their views.

A stakeholder map can be used when discussing the power and influence of stakeholders, how stakeholders may affect decision making and how managers may treat different groups. You might want to consider:

- the factors that affect the power and influence of different stakeholder groups
- how a business might treat different groups according to their power and interest (eg how much information they provide)
- how stakeholders might increase their power (eg employees coming together in a trade union).

The elements of the marketing mix (7Ps)

The marketing mix is traditionally described as the 4Ps: the product, the price, the place and the promotional mix. However in today's world, especially with so many businesses providing services the 7Ps provides an better framework an analysis of the marketing mix.



The 7Ps model highlights that marketing involves a wide range of activities. The 4Ps is one structure but in some situations it may be more appropriate also to analyse other aspects of a business's marketing activities.

The additional three Ps are:

People

In a service economy, the people who serve you, and factors such as how trained they are and how knowledgeable they are about the products, can be important considerations.

Physical environment

In a service outlet, the environment can influence your decisions to shop there as well as influence how long you stay and how much you buy.

Process

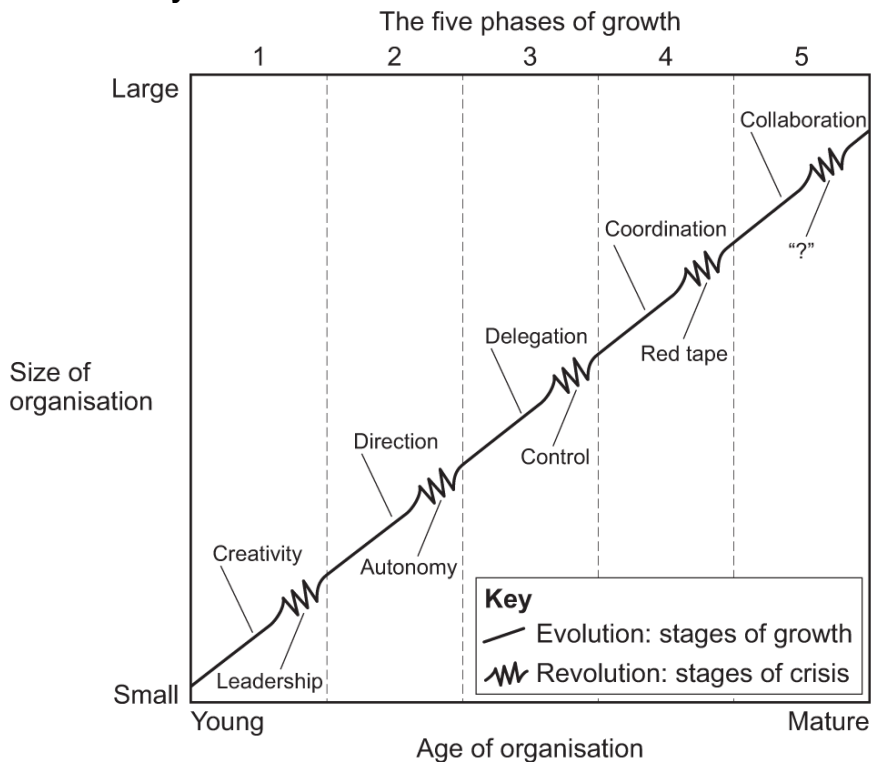
The process involved in a transaction can affect the customer experience. For example, is it easy to register with an online business? Is there an easy ordering and payment system?

The 7Ps can be used when considering how a business might try to become more competitive students might want to analyse how improving the different elements of the mix could help.

Greiner's model of growth

Greiner's model highlights the challenges that typically occur in managing businesses as an organisation gets older and bigger. It shows typical crisis points in the development of a business.

Model/theory



Greiner's model highlights that when organisations are young and small there is often no formal organisational structure. Sharing of ideas is easy and at this stage the organisation may be very creative. However, as a business continues to grow, this informal approach may no longer work – new employees may need more direction and need managing.

Crisis 1

At some point there is a need for direction and leadership which may not come naturally to those who founded the business and who are perhaps very entrepreneurial.

At this stage the business may need to appoint outside managers to run the business rather than rely on the founders. A more formal approach to management is required. For example, the managers may now formally define its missions, set out its objectives and formally define roles. They typically create a functional organisational structure and introduce more accounting systems and budgets.

This provides direction and control but there is little delegation. As the business grows more complex and those closer to the issues within their departments gain more experience they want to have more independence. This creates Crisis 2: a crisis of autonomy.

Crisis 2

At this stage the senior team may delegate more enabling each unit to focus more on its specific demands (although this is often resisted by senior managers who are reluctant to let go). The delegation provides more autonomy. It involves greater decentralisation and creating profit centres.

This can lead to faster decision making but, at some point, top management may feel they are losing too much control and want to regain this. This leads to Crisis 3: a crisis of control.

Crisis 3

At this stage the senior management team has to establish controls over the different parts of the business such as more formal planning procedures, greater control over investment decisions, centralising certain functions such as research and human resources and using profit sharing schemes more widely to help provide a common focus to decision making. The danger of this approach is that there may become too many procedures for decisions to be made by the different business units causing Crisis 4: a crisis of red tape.

Crisis 4

There may be too many systems and procedures getting in the way of competitiveness. This can lead to an attempt for greater personal collaboration between the managers of the different divisions and more focus on self-control rather than imposed control from head office.

Greater discussion between the head office of other parts of the business and a shared approach replace some of the many rules. The focus is on team work across divisions, up to date information and more communication between senior managers.

However, Greiner highlighted this might lead to a further crisis at some point in the future although what it will be may vary, perhaps the impact on employees of working in such a demanding environment means some time will have to be given to employees to reflect and revitalise themselves.

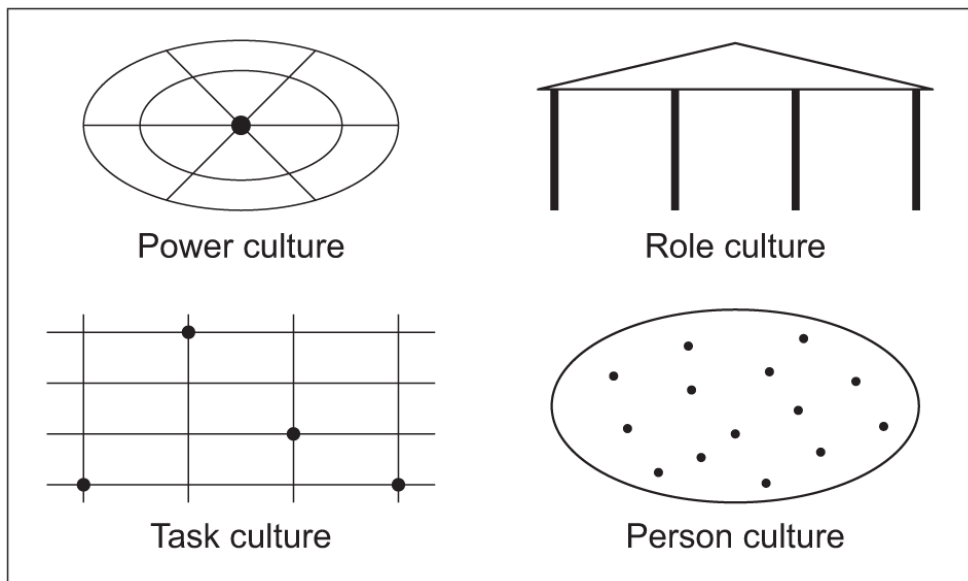
Greiner's model can be used:

- when analysing growth
- when considering how structures and systems might change as a business develops
- when examining issues such as centralisation and decentralisation
- when considering change and how it might affect a business.

Source: Larry Greiner, *Evolution and Revolution as organisations grow*, *Harvard Business Review*, May–June 1998.

Handy's culture

Handy outlined four types of culture: power, role, task and person.



Features of these types of culture include:

Power culture

A centralised culture which focuses on key decision makers. May occur in small businesses where the founder dominates; may come under stress if a business grows and cannot all be run from the centre.

Role culture

More formalised culture with jobs having clear rules and procedures. Individuals know their position within the hierarchy. May be appropriate for a medium to large business in a stable environment; however, may lead to 'silo' mentality where individuals and departments do not communicate or share information.

Task culture

This is a culture where there is a focus on specific tasks and projects. Individuals are brought in to work on tasks as and when they are required, sharing ideas across functions. It may occur in organisations such as design and advertising agencies.

People or person culture

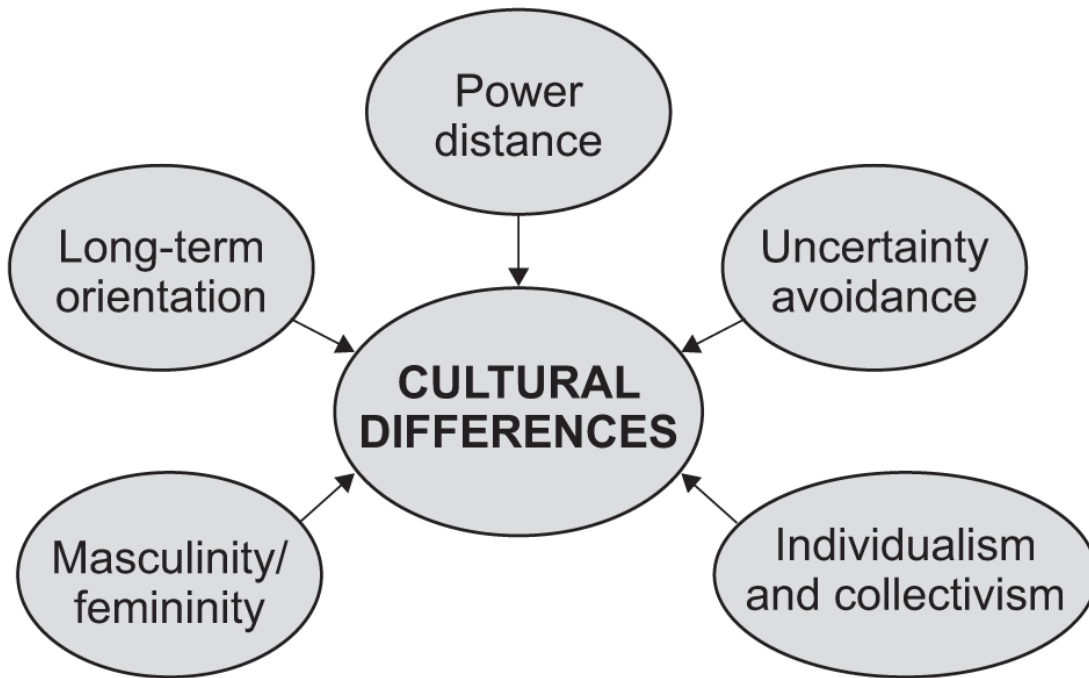
Individuals have considerable freedom to act independently. It may occur in organisations such as legal or medical practices where individuals have high levels of specialist technical expertise.

This study may be used:

- When highlighting different types of culture and the advantages and disadvantages of these.
- When considering the suitability of different cultures for different types of business and in different environments.

Hofstede's national cultures

Hofstede's study identifies different forms of national culture.



Hofstede's study suggested differences in national culture. The dimensions he identified were:

Individual and collectivism (IDV)

This considers the extent to which individuals believe they should look after themselves rather than be team players.

Power distance index (PDI)

This refers to the extent to which a society accepts that power is distributed unequally. In countries where PDI is low they will usually have decentralised organisations, whereas countries with a high PDI usually accept more centralised, hierarchical structures.

Uncertainty avoidance index (UAI)

This is the extent to which employees feel threatened by ambiguity and the extent to which they like rules and a well-defined career structure.

Masculinity (MAS)

This refers to the dominant values in the organisation. Are these mainly 'masculine' (focusing on assertiveness and money) or are they more 'feminine' (focusing on concern for others and the quality of relationships)?

Long-term orientation (LTO)

This refers to how long-term employees are in their thinking, which will affect their planning and attitude to investment.

Hofstede's work can be used when discussing the types of culture and the possibility for culture clashes.

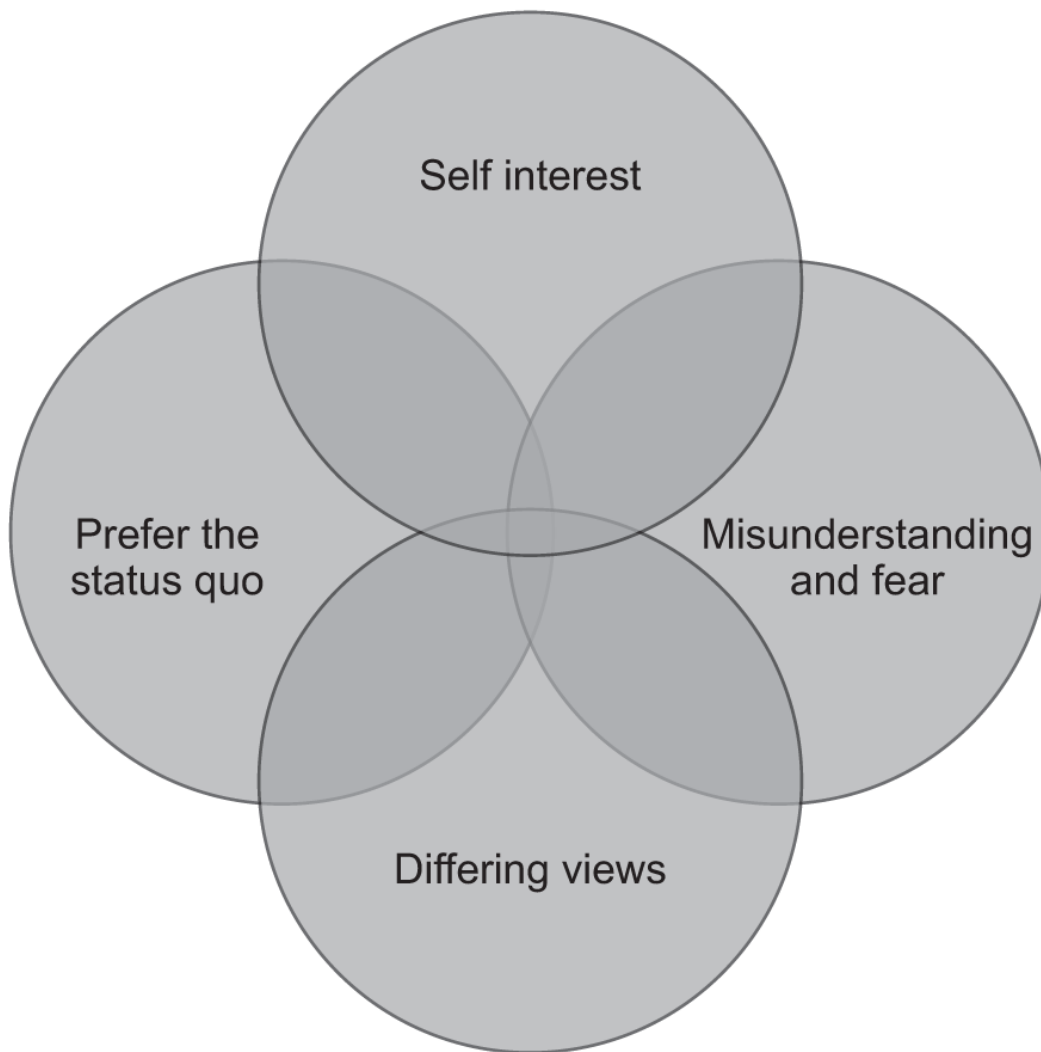
Although Hofstede's work was specifically in relation to national cultures, you can adapt this framework to discuss how and why the cultures of different organisations may differ, and why employees from different organisations may experience cultural clashes when working together.

This could be useful when considering:

- global businesses and employees within these communicating with each other and working together
- the problems of mergers and takeovers
- difficulties entering overseas markets.

Kotter and Schlesinger's reasons for resistance to change

This research identifies four types of reason why people resist change.



This study highlights four reasons why people resist change:

- 1 Self-interest – they would be worse off if the change occurred, eg lose their job.
- 2 Fear and misunderstanding – they do not trust the managers' motives.
- 3 Different assessments – they understand the reasons for the change but disagree with them; they may think they have a better plan.
- 4 Prefer things as they are; they do not like change.

This study is useful when discussing the issues that are involved in bringing about change, such as introducing a new strategy, you might want to consider:

- which of these motives is significant or most important in any given situation
- how each of these reasons for resistance might best be overcome (see Kotter and Schlesinger's six ways of overcoming resistance to change).

Kotter and Schlesinger's model of overcoming resistance to change

This research outlines some of the methods that might be used to overcome resistance to change.



Six methods of overcoming resistance to change are:

1. Education and communication

This approach may be appropriate if people lack information or have inaccurate information about the proposed change. Education can help people to understand why change is necessary. However, it may take time to convince people and win the argument.

2. Participation and involvement

This can help overcome change by getting people involved in the process. This means that people may have a sense of ownership and so may be more willing to get involved and make it work.

3. Facilitation and support

Some people resist change because they are afraid of it. If you can help the process of change and support people so they have the skills and resources they need to cope with it, this can help it to be accepted.

4. Negotiation and agreement

If people are resistant to change it may be possible to negotiate with them or bargain to win their agreement. This may mean compromise is needed and the form of change is slightly different (and possibly better) than originally intended.

5. Manipulation and co-option

This may involve offering rewards to win over key influential people who will then get others to agree to change.

6. Explicit and implicit coercion

If other methods are not successful or possible then you may want to force change through. People may not agree with the change but may do it because they have to. Over time, having changed their behaviour, they may come to agree with the change itself if it proves successful.

This research may be useful

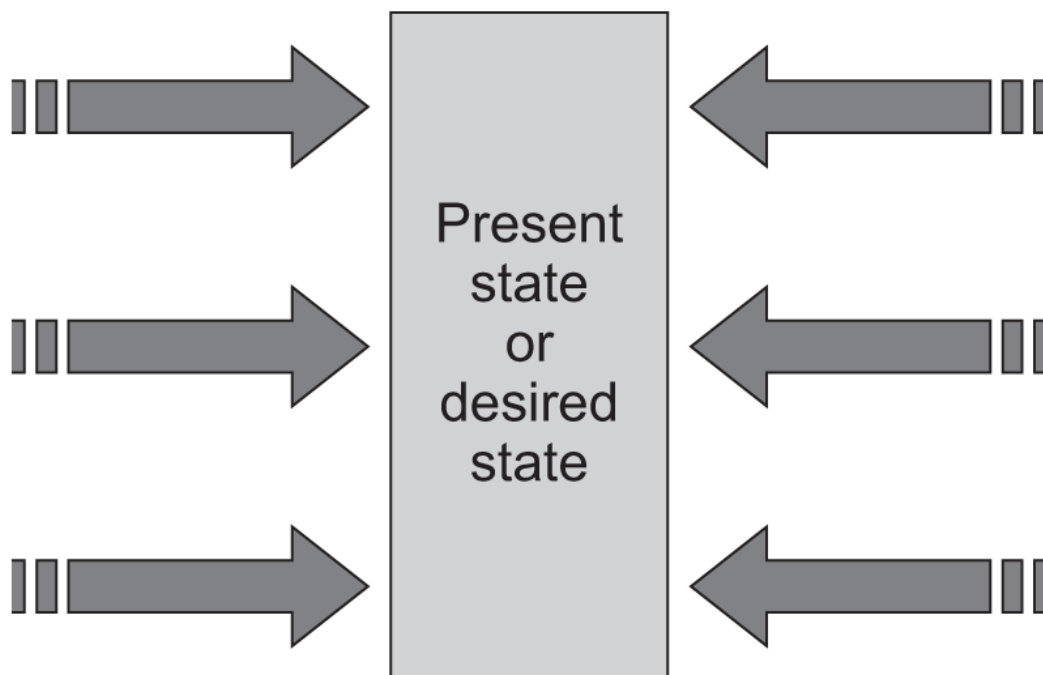
- When teaching any form of change and how to introduce it.
- When considering how to introduce new policies and approaches. Managers need to consider the reasons for resistance and then how best to overcome them given the time and resources available and factors such as the importance of the change being accepted by others.

Lewin's force field analysis

Lewin's analysis highlights that at any moment there are forces for and against change. The model identifies how change may be brought about.

Driving forces
(positive forces
for change)

Restraining forces
(obstacles to change)



Lewin's model highlights that at any moment there are forces for and against change. Change may be brought about if the forces for change increase (eg due to more competitors, worsening results, more customer complaints) or less restraining forces (eg funds become less of an issue, employees understand the need for change more).

This model can be used when discussing the issues involved in bringing about change eg introducing a new strategy you might want to consider:

- how the pressure for change might increase (eg worsening financial results, more complaints or more competition)
- how to reduce the forces resisting change (eg through more incentives to change or providing more finance).

Porter's five forces model

This helps explain why the profitability of industries can vary significantly. His work suggests it is due to a combination of five factors and the impact these have on the established firms.

For example:

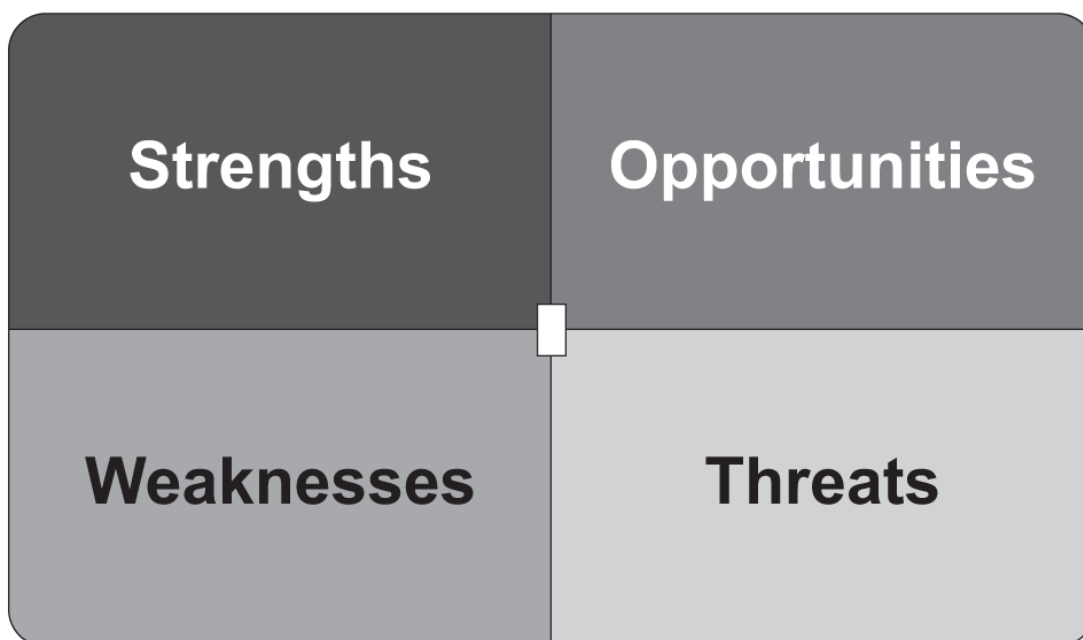
- If the buyers have a great deal of power they will be able to push down prices reducing established firms' profits.
- If the suppliers have a great deal of power they will be able to push their prices up reducing established firms' profits.
- If there are many rivals the profits will be shared between more firms reducing the profit of individual businesses.
- If there are many alternative products this means that customers will switch if prices are too high and so established firms will need to accept .
- lower prices.
- If there is a high entry threat then whenever established firms start to make high profits other firms will enter reducing the profit per firm.

Businesses should understand the five forces relevant to their industry and where they can change them to be more favourable. For example:

- Merge with or takeover other firms to reduce rivalry.
- Buy up suppliers to reduce supplier power.
- Develop barriers to entry (eg lobby government for protectionism).

SWOT analysis

SWOT analysis is one part of the process of strategic planning. It involves an internal and external audit which may take place before a business develops an appropriate strategy.



A SWOT analysis will be unique to each business (and for different parts of the business). It will change over time as conditions change and so the analysis needs to be undertaken regularly.

However SWOT analysis does not guarantee that a strategy is successful. For example, conditions may change faster than the business has realised, the wrong strategy may be selected or it may be poorly implemented.

Strengths and weaknesses

Strengths and weaknesses are internal features of the present position of a business.

For example:

- strengths might include a good distribution network, a good cash flow position or well trained staff
- weaknesses might include an over-emphasis on the UK market or a weakened brand due to several product recalls.

Opportunities and threats

Opportunities and threats are the possible consequences of a change in the external environment of a business.

For example:

- opportunities might include new markets opening up or economic recovery
- threats might include increased competition or greater regulation of the industry which impacts negatively.

SWOT analysis may be used when considering the strategic planning process.

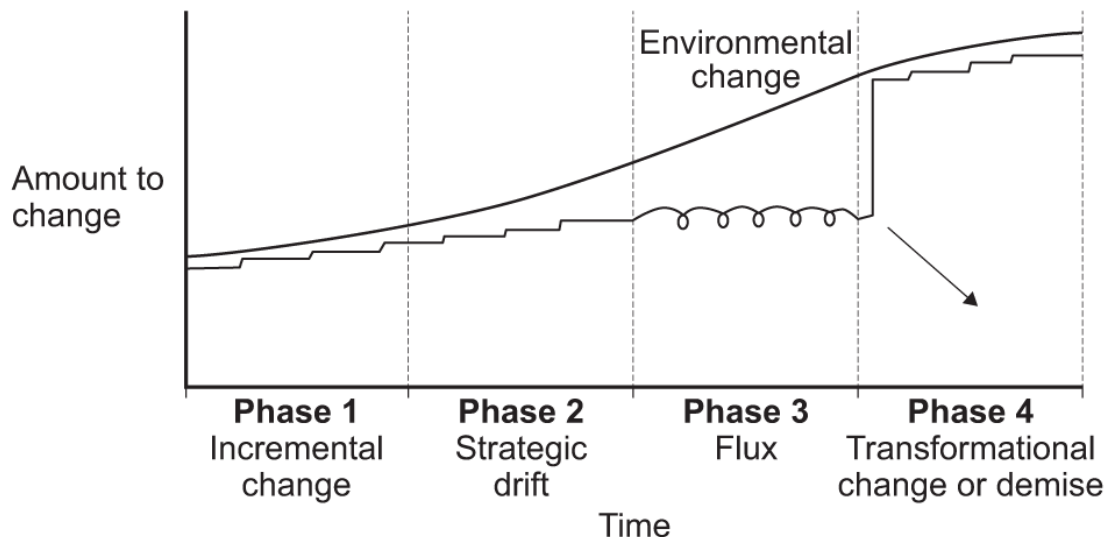
One view of strategy is that organisations develop it in a scientific manner: they gather information to analyse the existing position and opportunities and threats in order to decide what strategy to adopt. SWOT analysis is therefore a vital part of this process. A business may build on its strengths and focus on the opportunities or try to protect itself against threats.

In reality, a strategy may emerge over time; often the strategy that occurs is not exactly the one originally chosen.

Strategic drift

Strategic drift occurs when the strategy pursued by a business no longer fits with the environment around it. What may have been appropriate at one point is no longer suitable as conditions have changed.

Model/theory



The diagram above by Johnson and Scholes highlights how, as change in the environment increases, the business's strategy may become increasingly inappropriate.

The business will end up in a state of flux, ie managers are uncertain what to do as they have fallen so far behind the trends in the market. At this point, they must either make major transformational change or the business will probably die.

Examples of strategic drift include Kodak, Nokia and Blockbuster videos.

When you can use this:

- when teaching strategy, strategic drift highlights that managers must continually review their strategies to ensure they remain relevant and competitive
- when considering the importance of anticipating, preparing and reacting to change.

Command words

Command words are the words and phrases used in exams and other assessment tasks that explain to students how they should answer the question. Typical command words that might be used in GCE Business are:

Advise	produce a recommendation based on analysis
Analyse	produce a chain of logical reasoning
Assess	make an informed judgement
Calculate	work out the value of something
Complete	finish a task by adding to given information
Define	specify meaning
Describe	set out characteristics
Evaluate	make a judgement from the available evidence based on analysis
Examine	produce a chain of logical reasoning
Explain	set out purposes or reasons
Identify	name or otherwise characterise
Justify	support a case with evidence
Recommend	give advice on the best option, based on an evaluation of competing arguments
State	name or otherwise characterise
What is meant by...	give a definition
With reference to Figure X...	students should use evidence/material from the figure in their response

Teaching challenges

Building evaluative skills

Business is an evaluative subject. It requires students to look at the context of a business situation and make a judgement. Questions ask students to recommend what to do, advise a manager on what action to take, decide on a strategy or decide on the relative importance of something. Students can find this difficult to do at first. It is often easier to outline relevant arguments without a judgement. If asked whether A is a better option than B students' response is often to analyse the benefits of A and the benefits of B without making a judgement on one compared to another. The challenge for us is to help them weigh up their arguments.

Success relies not just on knowing or being able to analyse a topic but being able to use understanding to make judgements. These skills will be developed through effective questioning and suitable evaluative homework and lesson tasks that build evaluation. For example, we might ask students to rank the various options and explain their choices; we might ask them to prioritise and justify their choices.

To help students make effective judgements we have phrased many of the questions in this A in a way that tends to lead to an initial judgement that can then be supported. For example instead of just asking students to "evaluate" or "assess" we have in many cases tried to provoke more judgement by directly asking them whether to do A or not, whether they think X is the best or whether Y is right. This approach to questions should encourage students to form a view and defend it.

Answering the question as a whole

The levels of response approach focuses on how well the question as a whole has been answered. Students are advised to plan before writing. When planning they should consider: what are the demands of the question ie what exactly is the question asking them to do? Once this is established students should consider what they actually think – what is the answer to the question and can they explain and defend their view. Too many answers show knowledge of relevant issues but do not answer the questions asked specifically. Imagine you asked someone whether Manchester United was the best football team in the world and the answer you received explained why Manchester United was a very good football team. The content of the answer is relevant but the question itself has not been directly answered – we still don't know whether the person thinks Manchester United was the best team or not. The same is true of many answers to A-level Business questions – there is relevant understanding but the questions is not fully addressed. The challenge for us as teachers is to get students to unpick the demands of the question, think about it, work out what they want to say and then write. When writing they need to keep focused on what the question asked not just what they have learned.

Conclusion

The Oxford AQA International AS and A-level Business is an exciting new opportunity for schools and colleges outside the UK to study an AS and A-level course which contains many similar features to the UK qualification, while at the same time having distinctive features of its own. This teaching guide is an introduction to the course at the point of its inception. Further reports, advice and guidance will be offered once the course is up and running.

Teachers should note that in due course there will be approved text books (details of which can be found at oxfordaqaexams.org.uk)

GET HELP AND SUPPORT

Visit our website for information, guidance, support and resources at oxfordaqaexams.org.uk

You can contact the business team directly;

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